

ISSUE

More than two-thirds of the health care needed for American Indians and Alaska Natives that is not available through Indian Health Service (IHS) or tribal programs must be denied.

BACKGROUND

Under the Contract Health Service (CHS) program, primary and specialty health care services that are not available at IHS or tribal health facilities may be purchased from private sector health care providers. This includes hospital care, physician services, outpatient care, laboratory, dental, radiology, pharmacy, and transportation services.

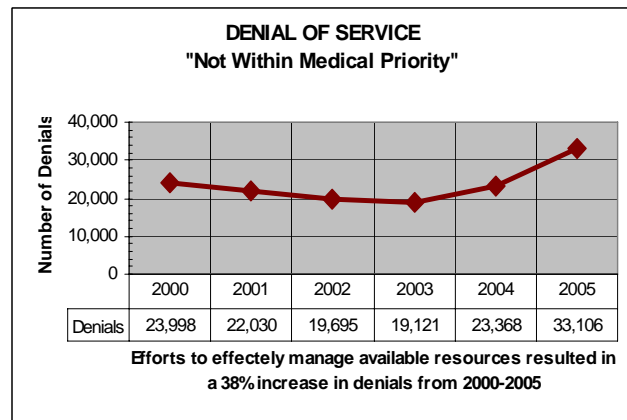
The combination of medical inflation (particularly for providing services in rural and remote locations), an increasing Indian population, and limited competitive pricing and options requires strict adherence to specific guidelines, medical priority, and eligibility to ensure the most effective use of CHS resources.

The CHS budget for fiscal year (FY) 2006 is \$517 million, an increase of 3.8%, or \$19.2 million, over the FY 2005 budget of \$498 million.

SITUATION

In order to budget the CHS resources so that as many services as possible can be provided from the private sector, the IHS uses a medical priority system. The IHS is the Payor of Last Resort, which requires patients to exhaust all health care resources available to them from private insurance, state health programs, and other federal programs before IHS will pay through the CHS program.

The IHS will still continue to negotiate contracts with providers to ensure that competitive pricing for the services are provided, in spite of the limited number of providers available in many local rural communities.



OPTIONS/PLANS

The enactment of the Medicare Prescription Drug Improvement and Modernization Act of 2003 included a provision that requires Medicare participating hospitals that provide inpatient hospital services to accept Medicare-like rates as payment in full when providing services to IHS beneficiaries referred for services. The CHS budget increase and implementation of Medicare rates will allow the IHS to purchase care near the same level in FY 2006 as in FY 2005 and prevent any significant increase in denied health care services.

Investments in health promotion, disease prevention initiatives, telemedicine, and technology will also benefit the CHS program by potentially increasing the boundaries of the competitive area for service providers and can dramatically reduce some costs and transportation challenges associated with providing care.

ADDITIONAL INFORMATION

For referral to the appropriate spokesperson, contact the IHS Public Affairs at 301-443-3593.